

**ORIGINAL**

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

PR Docket No. 89-553

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PP Docket No. 93-253

GN Docket No. 93-252

In the Matter of )  
)  
Amendment of Parts 2 and 90 of the )  
Commission's Rules to Provide for the )  
Use of 200 Channels Outside the Designated )  
Filing Areas in the 896-901 MHz and the )  
935-940 MHz Bands Allotted to the )  
Specialized Mobile Radio Pool )  
)  
Implementation of Section 309(j) of the )  
Communications Act--Competitive Bidding )  
)  
Implementation of Sections 3(n) and 332 )  
of the Communications Act )

To: The Commission

**REPLY COMMENTS OF MONTEREY TELECOMMUNICATIONS TECHNOLOGY**

Monterey Telecommunications Technology ("MTT"), pursuant to Section 1.415 of the Commission's Rules, hereby respectfully submits these Reply Comments in support of the Comments filed by the Small Common Carrier Coalition ("SCCC") in response to the Second Report and Order and Second Further Notice of Proposed Rule Making ("Second FNPRM") in the above-captioned proceedings.

MTT is a wireless interconnect supplier currently serving the extant specialized mobile radio ("SMR") industry. MTT's experience indicates that rural telephone companies have the ability to provide 900 MHz spectrum-based services to serve remote areas, and the Commission's adoption of the SCCC's suggestions would encourage their participation and bolster their success in providing SMR services in areas that may otherwise not be served.

Accordingly, MTT supports the SCCC in its endeavor to ensure that rural telephone companies are successful 900 MHz SMR auction bidders.

### **I. The "Small Business" Criteria Must Be Amended**

MTT concurs with the SCCC's argument that the proposed definition of "small business" is too narrow to accommodate the majority of rural telephone companies. The capital structure of a small telephone company is distinct from that of other small businesses, in that small telephone companies are involved in a highly capital intensive business because of the costs associated with continually updating and replacing outdated infrastructure. As a result, using "gross revenue" as indicia of size for the purpose of qualifying for designated entity status is discriminatory toward small telephone companies and other capital intensive businesses. The Commission's proposal for a \$3 million annual gross revenue cap is an unrealistic ceiling for rural telephone companies to meet.

MTT supports the SCCC's proposal that the small business revenue threshold be set at the \$40 million, average three-year gross revenue cap afforded small businesses in the broadband and regional narrowband PCS auctions. A \$40 million cap would enable nearly all interested rural telephone companies to participate in the auction.

### **II. Rural Telephone Companies Require An "Entrepreneur's Block"**

MTT also supports the SCCC's request that the Commission establish an "entrepreneur's block" for the 900 MHz spectrum auction. Without a set-aside of spectrum for designated entities, rural telephone companies will be forced to bid against some very deep pockets.

The recent scramble for spectrum that would enable a telecommunications service provider to create a wide-area SMR system indicates that 900 MHz SMR spectrum will be exceptionally attractive, if not indispensable, to those entities who have been stymied in the process of creating enhanced SMR systems by the lack of 800 MHz SMR spectrum. The majority of these entities are heavily capitalized, and will likely outbid any rural telephone company. An "entrepreneur's block" that restricts participation by large businesses would be beneficial to rural telephone companies, especially if the Commission does not adopt a more reasonable definition of "small business."

### **III. CONCLUSION**

MTT agrees with all the proposals made by the SCCC in its Comments, and respectfully requests that Commission adopt the SCCC's recommendations. We believe that these recommendation best address the support required for rural and independent telephone companies to fully participate in the 900 MHz SMR spectrum opportunity, which will in turn benefit the public in the remote locations of this country.

Respectfully submitted,

**Monterey Telecommunications Technology**

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